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Distributive-trade statistics

Report of the Secretary-General

Summary

The present report is submitted to the Statistical Commission in compliance with the request made by the Commission at its thirty-sixth session. The report outlines the strategy of the United Nations Statistics Division to revise international recommendations on distributive-trade statistics, its actions in this direction undertaken in 2005 and a summary of its action plan for the biennium 2006-2007. Points for discussion by the Commission are contained in paragraph 13 of the report.

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I. Introduction

1. The United Nations Statistical Commission, at its eighteenth session in 1974, adopted international recommendations on statistics of distributive trades and services (see ST/ESA/STAT/SER.M/57). Since that session, the Commission has not had distributive-trade statistics on its agenda. However, issues relevant to wholesale and retail trade were considered in the context of the Commission's work on service statistics and economic classifications. In 1977, at the request of the Commission, the United Nations Statistics Division published a manual entitled *Organization and Conduct of Distributive-Trade Surveys* (ST/ESA/STAT/SER.F/19). The manual provided some guidance on the compilation of data for the wholesale, retail and service trades.

2. Distributive trade is an important activity that provides employment to a significant segment of the population and contributes greatly to gross domestic product. However, in many national statistical offices, distributive-trade statistics are not sufficiently developed. Moreover, there are concerns regarding comparability of the national data and the need to harmonize relevant methodologies is becoming more and more apparent. In this context, further improvement in the compilation, analysis and dissemination of internationally comparable distributive-trade statistics is recognized by the Statistics Division as one of its immediate priority activities.

II. Strategy of the Statistics Division for updating international recommendations on distributive-trade statistics and the status of its implementation

A. Outline of the strategy of the Statistics Division

3. In 2004, the Statistics Division developed a multi-year strategy for updating international recommendations on distributive-trade statistics. This strategy includes: (a) obtaining an initial assessment of the general situation in the compilation of distributive-trade statistics by conducting an overview of current country practices; (b) establishing an Expert Group on Distributive-Trade Statistics to assist the Division in the updating process; (c) preparing the provisional draft of the revised recommendations and submitting it to the Statistical Commission at its thirty-ninth session in March 2008; (d) preparing a manual on the compilation of distributive-trade statistics by 2008; (e) developing a United Nations database for storing, processing and disseminating distributive-trade statistics, with data compilation and publishing tentatively scheduled for 2007; (f) commencing technical assistance activities for developing countries, including conducting training workshops to build up their capability to compile and disseminate distributive-trade statistics; and (g) reviewing changes in country practices in 2010 and reporting the findings to the Commission at its forty-first session, to be held in March 2011.

B. Results of a survey of country practices

4. In implementing the first component of its strategy, the Statistics Division in 2004 conducted a worldwide survey of country practices. The questionnaire was sent to all national statistical offices. Only 73 countries confirmed that they compiled some distributive-trade statistics. Twelve countries informed the Division that they did not compile such statistics and asked for assistance. Assuming that the share of non-compilers is higher among countries that did not respond, the number of countries that do not compile distributive-trade statistics is deemed to be quite high. The survey and the follow-up clarifications revealed that about 40 per cent of the countries that responded are unable to conduct quarterly/monthly surveys and to compile indices of distributive trade and/or performance indicators. It also came to light that countries frequently use very different definitions of the scope of distributive trade and of compiled variables thus making international comparisons quite difficult. In general, the survey confirmed that distributive-trade statistics definitely need revisiting and careful re-examination.

C. Conclusions of the Expert Group on Distributive-Trade Statistics

5. In 2005, the Statistics Division established the Expert Group on Distributive-Trade Statistics in order to obtain assistance and guidance during the revision of existing United Nations recommendations on distributive-trade statistics. The Expert Group was expected to: (a) provide an assessment of those recommendations in view of the new realities in distributive trade and current country practices in the compilation of the relevant statistics; (b) contribute to drafting the revised recommendations and suggest new approaches in data compilation, including the organization and conduct of distributive-trade surveys; (c) review the provisional draft of the revised/updated international recommendations on distributive-trade statistics; and (d) comment on the outline of the future compilers manual.

6. The first meeting of the Expert Group was held from 22 to 25 August 2005. The purpose of the meeting was to provide an assessment of the United Nations recommendations, provide advice on the areas where updating of the existing recommendations and/or developing of new recommendations is needed; and contribute towards such updating and/or revision. The agenda for the meeting included such items as: (a) scope and classifications; (b) statistical and reporting units; (c) data items and their definitions; (d) data sources and data-collection methods; (e) indices and performance indicators; and (f) distributive-trade statistics and compilation of national accounts. The meeting concluded with a round-table discussion, a formulation of the preliminary conclusions and an outline by the Statistics Division of future activities. The full text of the conclusions is available in the report on the meeting (available from http://unstats.un.org/unsd/Distributive_trade/distributive_trade.htm). A summary of the conclusions is provided below.

7. The experts concluded that there was an apparent need to revise the current international recommendations on distributive-trade statistics in order to reflect new developments in the distributive-trade sector, changing data needs, availability of new data sources, data-collection methods and recent revisions of the international recommendations in other areas of economic statistics. They agreed that the revision should be seen as a part of building an integrated economic statistics programme.

They welcomed the initiative by the Statistics Division to revise international recommendations on distributive-trade statistics and endorsed its programme of work, including its objectives, proposed actions and schedule for the revision process.

8. It was agreed that the scope of distributive-trade statistics should include wholesale trade, retail trade and repair of motor vehicles and motorcycles. Regarding data compilation, the experts agreed that high priority should be given to the identification and collection of data items needed by the distributive-trade industry and by compilers of national accounts. It was recommended that countries should make efforts to compile data at the most detailed level possible. It was stressed that a standard set of data items should be recommended for annual compilation (countries, of course, were to be encouraged to compile any additional data items for their national use). The definitions of data items should be consistent with the definitions already approved by the Statistical Commission in related areas (e.g., the system of national accounts and labour statistics). However, where necessary, those definitions could be adjusted to reflect the peculiarities of distributive trade.

9. As to the issue of data compilation, the experts emphasized the need to maximize the use of information existing in administrative data sources with the aim of reducing costs and the respondents' burden. It was deemed appropriate to consider signing formal agreements with other governmental agencies to ensure access to such sources. At the same time, it was stressed that statisticians should be aware of administrative data-source limitations (e.g., the purpose of data collecting was different, the definitions of variables might not correspond to the statistical recommendations, the scope and quality of data could vary significantly; confidentiality was another issue to be considered). The experts recognized a business register as an indispensable tool for effective data collection and concluded that statisticians dealing with distributive trade should participate actively in the maintenance/creation of such a register. The need to provide more guidelines on how to cover and measure the activities of small units or unincorporated enterprises and how to deal with their high non-response rate was also recognized.

10. Special attention was given to the need to develop a set of recommendations regarding the compilation of indices of distributive trade, such as the index of retail trade and the index of wholesale trade. The experts concluded that the compilation of such indices should be done not only for the total value of turnover, but also for certain agreed breakdowns by commodity groupings and industry in order to respond to industry needs to monitor markets and to better assist compilers of national accounts. A cascading priority of tasks in this area, i.e. giving the highest priority to the compilation of indices of the higher level aggregates, should be applied. In this connection, several approaches to the compilation of data in constant prices (volume measurement) were discussed and the experts agreed that a review of the pros and cons for various deflators should be provided. It was concluded that national statistical offices should cooperate with other national agencies, if necessary, to develop a viable programme for distributive-trade index numbers and volume measurement. The experts advised also that a review of the national methodologies on index numbers and constant price data estimation should be conducted and further efforts to harmonize those methodologies were necessary to improve international comparability.

11. The experts devoted a considerable amount of time to discussion of industry performance indicators, including inventory/sales ratio, sales per space and margin/turnover sales per person employed. It became apparent that there was a significant divergence in country practices in that area. Many countries confirmed that they did not compile such indicators and needed some international guidance to start such a compilation. In that connection, the development of international guidelines on the compilation of industry performance indicators became an important task for future work. The experts agreed, in particular, that a list of such indicators, useful to the distributive-trade industry and for analytical purposes, should be developed and recommended for national and international reporting.

III. Summary of the action plan for the biennium 2006-2007 of the Statistics Division

12. During 2006, the Statistics Division will continue to consult with the Expert Group on Distributive-Trade Statistics and countries on issues relevant to the preparation of the provisional draft recommendations and will draft an outline of the future document. An assessment of data availability will be conducted and the compilation of data from selected countries will commence. In 2007, the Division plans to finalize the provisional draft of the revised recommendations and to submit it to the second meeting of the Expert Group, which will be organized in mid-2007. Moreover, a pilot version of the United Nations distributive-trade statistics database for storage, processing and dissemination of distributive-trade statistics will be developed and its outline will be presented to the Expert Group. Taking into account the decisions of the Expert Group, the Division will finalize and submit the revised draft recommendations to the Statistical Commission. In the second half of 2007, the Division will begin technical assistance activities for developing countries to help build their capability to compile and disseminate distributive-trade statistics.

IV. Points for discussion

13. The Statistical Commission, recognizing the economic importance of distributive trade, acknowledging that the availability and quality of national data on distributive trade needs improvement and expressing concern regarding the international comparability of such data, may wish:

(a) To endorse the activities of the Statistics Division to revise the existing recommendations in this area of statistics and to request that the revised draft recommendations be submitted to the Statistical Commission at its thirty-ninth session (2008) for approval;

(b) To advise the Statistics Division that the draft revised recommendations reflect new developments in commercial practices, new data sources and data compilation arrangements, as well as recent and ongoing revisions in other areas of economic statistics, such as national accounts, classifications and industrial statistics;

(c) To stress that it is essential that the revision of distributive-trade statistics is carried out in full consultation with national statistical offices and is seen as part of building an integrated economic statistics programme;

(d) To support the work of the Statistics Division in building a worldwide database to store and disseminate distributive-trade statistics in order to assist countries in making the most effective use of the compiled data, including measuring the structure and dynamic of their distributive trade on an internationally comparable basis.